

	Montana Operations Manual <i>Policy</i>	Policy Number	03-0501
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		Last Revised	July 9, 2012
Issuing Authority	Department of Administration, State Human Resources Division		
Broadband Pay Plan Policy			

I. Purpose

This policy provides guidelines and requirements for agencies when creating pay rules according to section 2-18-301 through 2-18-304, Montana Code Annotated (MCA).

II. Scope

This policy covers all agencies in Montana's executive branch except the Montana university system, the Montana State Fund, elected officials, personal staff of elected officials, employees in the blue collar plan, and any other position specifically excluded under Section 2-18-103 and -104, MCA.

If these policy provisions conflict with specific collective bargaining agreements, the collective bargaining agreements take precedence to the extent they are applicable.

III. Procedures

Each agency will design, implement, and administer written pay rules within the parameters of this policy. Agency pay rules must:

- be fiscally responsible, actively managed, and consistent with the agency's mission and objectives;
- identify procedures for implementing all aspects of pay addressed in this policy; and
- be filed with the Department of Administration.

The broadband pay plan's flexibility allows agencies to link their strategic compensation practices to their agency's mission. Agency pay rules will be set considering the following criteria:

- job-related qualifications;
- existing pay relationships within the agency and work unit;
- ability to pay; and
- external competitiveness.

A. Establishing Base Pay

The agency's strategic mission and pay rules should drive base pay decisions. Pay must be fiscally responsible using the guidelines described below.

1. **Minimum Salary:** An employee's base pay may be no less than the salary of the pay band for the employee's assigned classification, except as provided in the section titled "Training Assignment".
2. **Seasonal Employment:** An agency may establish a seasonal employee's base pay by continuing employment as authorized leave without pay between seasons or work periods. The employee will be eligible for statutory base pay adjustments, as if the employee had been employed during the off-season. There is no break in service. All time will count towards longevity.
3. **Training Assignment:** Employees in training assignments may be paid below the base pay established by the agency pay rules. An agency may use a training assignment to address recruitment, reorganization, or promotion interests. Training assignments may not last more than one year, unless otherwise specified in an agency's collective bargaining agreement. Conditions of the training assignment will be stated in writing and signed by the employee, supervisor, and agency head or designee. A copy of the written training assignment will be filed in the employee's permanent personnel record and must include:
 - a. the base pay at the beginning of the training assignment, any increases allowed during the training assignment, and the base rate at the end of the training assignment as determined by the agency's pay rules;
 - b. the duration of the training assignment;
 - c. the knowledge, skills, behaviors, training, and experience the employee must acquire during the training assignment; and
 - d. measures of the employee's performance in areas where the employee must acquire identified knowledge, skills, behaviors, training and experience.

Pay adjustments after completion of the training assignment will be set according to the agency pay rules.

If the employee does not satisfactorily complete the training assignment, the agency may:

- a. return the employee to the position held before the training assignment;
- b. assign the employee to another position for which the employee is qualified;
- c. extend the training assignment up to one additional year; or

- d. discharge the employee, in compliance with the Discipline Handling Policy, [ARM 2.21.6505](#) et seq., or Probation Policy, MOM III (3-0170).
4. **Promotions and Demotions:** The base pay of an employee who is promoted or demoted will be set in accordance with the agency's pay rules.

For the purposes of this policy, progress along a career ladder is not a promotion.
5. **Temporary Promotions:** An employee may be temporarily promoted for a period not to exceed two years. The employee must be notified in writing at the start of the temporary promotion as to the reason for the promotion and its expected duration. The employee's base pay in the higher level position will be set as provided in section titled "Promotions and Demotions". At the end of the temporary promotion, the base pay will be established according to the agency pay rules.
6. **Reclassification:** The base pay for an employee whose position has been reclassified to a different pay band or to a different occupation will be set according to the agency pay rules.

The effective date of a reclassification that results in a different pay band shall be the first day of a pay period in which the request for reclassification was signed.

When a classification appeal, filed under the rules of the board of personnel appeals, [ARM 24.26.501](#) et seq., results in the reclassification of a position, the base pay will be set no lower than the minimum salary of the pay band of the position's new classification.

B. Pay Adjustment Types

The agency head or designee must approve adjustments. The agency shall properly document the appropriate adjustment type in the employee's compensation record. An employee's pay may be modified through the adjustment types described below:

1. **Competency Adjustment:** Employee may be eligible to receive a pay adjustment based on their competency. Competencies must be identifiable, observable, measurable, and compared to like positions for internal equity. Competency pay may be given as a lump-sum or as an increase to base pay.
2. **Market Adjustment:** Employees whose base salary is below their occupations' market midpoint may be eligible for a market adjustment.

Market adjustments may be used to address recruitment and retention issues. Market pay must be given as an increase to base pay.

3. **Performance Adjustment:** Employees may be eligible to receive a pay adjustment based on their performance. Before implementing performance pay, the agency head or designee must approve the performance tool. Performance pay may be given as a lump-sum or as an increase to base pay.
4. **Results Adjustment:** Employees may be eligible to receive a pay adjustment based on the results of their individual efforts or team efforts that can be measured by comparing accomplishments to established goals. Results pay must be given as a lump-sum.
5. **Situational Adjustment:** Employees may be eligible to receive a pay adjustment based on atypical situations or working conditions.

An agency may use situational pay to address recruitment or retention issues related to certain requirements of the position such as extensive travel, hazardous duties, location pay, unusual work hours, or unusual physical demands.

Agency plans should consider the rationale for situational pay including clear definitions of eligible situations or circumstances, and how to determine situational pay. Situational pay may be given as a lump-sum or as an increase to base pay.

6. **Supervisory Adjustment:** In two circumstances, employees may be eligible for a pay adjustment when performing supervisory duties if:
 - a. An employee occupying a position in a non-supervisory classification may be eligible for a pay adjustment when the position includes supervisory duties.
 - b. When an employee who is performing supervisory duties is classified in the same occupation and band as their subordinates, an agency may recognize these additional duties with a pay adjustment.

When determining this additional pay, an agency should consider levels of supervisory duties performed, internal equity, and the agency's pay rules. Supervisory pay may be given as a lump-sum or as an increase to base pay.

7. **Strategic Adjustment:** Employees may be eligible to receive a pay adjustment based on the agency's strategy to recruit or retain critical competencies, such as knowledge or skills. Strategic pay may be given as a lump sum or as an increase in base pay.

C. Record Keeping

All pay decisions must be documented and maintained in the employee's permanent personnel record.

IV. Resources

The Department of Administration publishes a guide entitled "The Manager's Guide to Implementing Broadband Pay Plan Rules in Montana State Government." The guide is available at <http://hr.mt.gov/hrpp/guides.mcp>.

V. Definitions

All definitions under 2-18-101, MCA apply to this policy. For the purposes of this policy, the definitions described below also apply.

Lump-sum: A one-time payment that does not affect base salary.

Career Ladder: The predetermined progression from an entry-level position to higher level positions based on increasing skills, competencies, or responsibility within a specified career field.

Classification: A process of evaluating the work performed in a given job to determine the appropriate occupation and band level.

Demotion: The assignment of an employee to a lower position in the agency's hierarchical structure.

Department: The department of administration.

Promotion: The assignment of an employee to a higher position in the agency's hierarchical structure through a competitive recruitment process.